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ABSTRACT OF THE DISCLOSURE

A method and system is provided in which MAN traffic is segregated at a customer and a provider domain level. A switch at the edge of the MAN encapsulates a data packet in a new header, which is used to specify the customer domain tags. The data packet is encapsulated further in another new header, which is used to specify new VMAN tags. The nested encapsulation is repeated as necessary until the data packet is forwarded to a remote switch at the edge of the MAN in accordance with the VMAN configuration or the source and destination address in the original data packet. The remote switch strips the VMAN tags from the data packet, and forwards the stripped data packet to the receiving customer domain as specified in the customer domain tag.